



# consumer news

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Executive Office of the President Virginia H. Knauer, Director

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## FTC disposes of cases against insurance companies

Sociology & Economics  
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Federal Trade Commission has accepted Assurances of Voluntary Compliance from 5 of the nation's major life insurance companies in disposing of the companies' alleged violations of the Fair Credit Reporting Act [see CONSUMER NEWS: May 1971]. The 5 companies are Berkshire Life Insurance Co., Home Life Insurance Co., New York Life Insurance Co., Southern Farm Bureau Life Insurance Co. & Teacher's Insurance & Annuity Association.

The 5 matters are the first involving alleged violations of the Fair Credit Reporting Act on the part of users of consumer credit reports. When a person applies for insurance, the insurance company, as part of its underwriting process, often will order an investigation to determine the applicant's morals, reputation, personal characteristics & style of living. The 5 companies were alleged to be in violation of the section of the law requiring them to clearly & accurately disclose to each consumer to be investigated all of the following:

- That an "investigative consumer report" may be prepared on the person applying for insurance (the term "investigative consumer report" must be used);
- That the report will include information as to the person's character, general reputation, personal characteristics & style of living, whichever is applicable;
- That the information for an "investigative consumer report" will be obtained through personal interviews with friends, neighbors & associates of the person being investigated;
- That upon written request, a complete & accurate disclosure of the "nature & scope" of the "investigative consumer report" will be provided to the person being investigated.

Moreover, these items must be presented clearly in notification statements to the person applying for insurance.

FTC expects its action will provide industry wide compliance with the notification requirement of the credit act. The Assurances of Voluntary Compliance are for settlement purposes only & do not mean the 5 companies admit that their questioned acts or practices were unlawful.

## Ask about airline's complimentary services

Civil Aeronautics Board has suggested that airline passengers ask what complimentary services are available to them when their flight has been delayed. CAB made its suggestion to consumers when it announced its investigation into complimentary services provided by airlines when passengers are inconvenienced by unforeseen trip delays. CAB noted that with few exceptions information about services is provided only upon request.

Generally speaking, complimentary services will be provided by airlines when the passenger holds a confirmed reservation & the flight delay involves a period of 4 hours or more. The services include

- Meals during normal meal hours,
- Hotel accommodations if the delay occurs during normal sleeping hours,
- Transportation to the hotel.

In ordering its investigation, CAB said the particular procedures & extent of services provided passengers traveling in different classes may vary among airlines. CAB said it was concerned about the lack of uniform public notification of services available to all passengers & about the possible discriminatory treatment of passengers who are not aware of complimentary services. The agency stated that the differing procedures followed by some airlines, depending on whether a passenger has first class or other class of seat, also has raised a question of possible discrimination.

## The not-talked-about-much consumer expense

A funeral is as much a consumer expense as any other purchase. While the cost of a funeral does not rank with the cost of a house or car, it can be a big expenditure. The average cost of a funeral is \$1000. This usually covers the cost of the casket, the mortician's bill & flowers. It does not include burial plot, grave markers or any special arrangements or services, such as travel expense of family & friends.

Too often a funeral is "purchased" without anyone taking time to plan, budget & shop—which is natural. The time of grief & sorrow is not the time to shop for funeral services. However, by making pre-death arrangements, a consumer can take time to plan & shop for the kind of funeral he wants & one that his family will approve & can afford.

The first consideration might be finding out what Federal Government benefits might be available to your survivors. Federal agencies provide benefits to survivors of at least half of the Americans who die each year (there are about 1.9-million American deaths a year). List on page 3 shows who is eligible for Federal benefits & kind of benefits.

Next, you might want to consider the funeral—including burial or cremation—in accord with your religion & with state & local regulations (here are varying requirements about embalming & burial or cremation). Costs of casket & mortician's services are the main items; you can compare prices of different kinds of caskets & of types of services.

If you select cremation, you probably would not consider the cost of a burial plot. Instead, you would probably choose (1) having the ashes scattered, (2) having them placed in a container to be kept by a survivor or (3) having them placed in a mausoleum or other perpetual-care facility. The last choice would be an additional cost to the funeral expense just as a burial plot would. Whether you want a perpetual place for ashes or burial plot for a casket, you should shop. Before signing any agreement, be sure the agreement will not bind your survivors to additional costs in the future.

In considering funeral services, you might consider donating your body for medical research or donating particular organs for transplants into the living. Donation of an organ does not mean donation of the whole body, so arrangements still must be made for burial or cremation. However, donation of the body to a medical school usually eliminates burial or cremation expenses.

Also, in planning & figuring the cost of a funeral, you might investigate costs & services of memorial societies & cooperative burial associations if any operate in your community or state.

By considering these & other factors in making pre-death arrangements—including what Federal benefits might be available to your survivors—you can put some control on this unique consumer expense & avoid an agonizing financial burden for your survivors.

The following are publications about Federal survivor-benefit programs:

*Interments in National Cemeteries*, published by & available from U.S. Army Memorial Affairs Agency, Dept. of the Army, Temporary A Building, 2nd & T Sts. S.W., Washington, DC 20315.

*List of National Cemetery Installations Having Available Gravesites* (see details above)..

*Application for Headstone & Marker; DoD Form 1330* (see details above).

*Federal Benefits for Veterans & Dependents; VA Fact 1S-1*, published by Veterans Administration; 20¢; available from Supt. of Documents, Government Printing Office, Washington, DC 20402.

*Benefits for Railroad Workers & Their Families*, published by Railroad Retirement Board; 25¢; available from Supt. of Documents, Government Printing Office, Washington, DC 20402.

*Your Social Security*, published by Social Security Administration; free from local Social Security offices.

### New Federal publications

*Hardwood & Decorative Plywood* (a voluntary standard developed by producers, distributors & users with the cooperation of the National Bureau of Standards), published by National Bureau of Standards; 30¢; available from Supt. of Documents, Government Printing Office, Washington, DC 20402; SD Catalog No. C13.20/2:51-71.

## Federal program for survivors

### Agencies & eligibility

#### 1. U.S. Army

- A. Members & former members of armed forces with honorable discharges, their spouses, minor children & adult children not capable of self support.
- B. Members of armed forces who die on active duty & former members whose last discharge was honorable.
- C. Members of the armed forces who die while on active duty but whose body is not recovered.

#### 2. Veterans Administration—Wartime veterans with discharges other than dishonorable & peacetime veterans receiving VA compensation at time of death.

#### 3. Health, Education & Welfare Dept.—Persons presently or formerly covered by Social Security who are fully insured or who have worked at least 18 months within the last 3 years with Social Security coverage.

#### 4. Interior Dept.—Indigent Indians descended from a tribe recognized by Federal Government who live in Alaska or Oklahoma or on any reservation.

#### 5. Railroad Retirement Board—Employees or retired employees of a railroad with at least 10 years service.

### Benefits

Burial in national cemeteries; gravesites are no longer pre-assigned but are furnished on an "as-required" basis (different requirements apply to Arlington National Cemetery).

Headstone & marker for unmarked graves in national, post & private cemeteries.

Special benefits.

Up to \$250 toward funeral expenses & U.S. flag.

Up to \$255 toward funeral expenses.

Funds for funeral expenses to match what the deceased's state would pay for funeral expenses of nonIndians; local Indian agency has details.

A. Up to \$1000 toward funeral expenses, providing person worked for a railroad at least 12 of the last 30 months before death or retirement.

B. Any additional payment needed to be sure that survivors receive all the money the railroad employee contributed to the retirement program.

### Costs of safety requirements in new cars

Bureau of Labor Statistics has estimated that quality improvements for domestic 1973-model cars (not counting station wagons & subcompacts) will be about \$95.40 at manufacturers' prices & \$123.80 at retail. The cost reflects primarily the impact of changes by manufacturers to meet the Federal Motor Vehicle Safety Standards & the Federal Clean Air Act.

A breakdown of the estimated \$123.80 retail value of changes shows

- \$10.50 for safety features voluntarily added by car makers, including changes made in anticipation of future Federal safety standards;
- \$27.70 for improved exhaust emission systems as required by the Federal Clean Air Act;
- \$10.50 for non-safety quality improvements involving changes in engines, chassis & bodies;
- \$75.10 for changes made to meet 1973 Federal safety requirements, including 60¢ for location, identification & illumination of controls; \$5.80 covering flammability of interior materials; \$15.30 for strengthening side doors (includes total values of changes made on 1969 through 1973 models); \$69.90 for exterior protection (includes total combination of values for changes made on 1972 & 1973 models).

## Dealer initiates comparison of tire tests

Transportation Dept.'s National Highway Traffic Safety Administration requires manufacturers to make all new car tires to meet minimum safety standards for strength, endurance, high-speed performance & bead unseating (tubeless tire's ability to withstand separation from the rim). The agency is currently evaluating responses to its proposal [see CONSUMER NEWS Oct. 15, 1971] for a regulation that would require that comparative test information be made available to consumers.

Office of Consumers Affairs has reported that Market Tire Co., a tire dealer in the Metropolitan Washington area, is already making such data available. Market had Compliance Testing Inc. (a private testing firm) test samples of each of the 22 lines that Market sells, including 6 brand names & Market's private brand; the 22 lines comprise domestic & imported tires & the radial, belted & bias ply designs. The test results show how much various brands exceed the minimum standards.

The test results do not include comparisons for traction & treadwear because the safety agency has not yet set standards for these 2 tire qualities. The agency is considering modification of its proposed Uniform Tire Quality Grading regulation to include traction & treadwear standards.

Market's test results, which do not cover all tire brands & lines being sold in the U.S., as well as its booklet, *A Guide To Aid You in Tire Selection*, are available to readers of CONSUMER NEWS as long as the supply lasts. For your copy of test results & the booklet, write to Tire Tests, Consumer News, Office of Consumer Affairs, Washington, DC 20506. OCA does not vouch for the test results; it merely supports the idea of comparative data for consumers.

If you want to comment on the value of comparative tire-performance information for consumers, write to Docket 25 Uniform Tire Quality Grading, National Highway Traffic Safety Administration, Transportation Dept., Washington, DC 20590.

## Penalty for producing illegal tires

National Highway Traffic Safety Administration reports that Armstrong Rubber Co. has agreed to pay \$3,500 in compromise of a civil penalty claim against the firm for producing tires in violation of the National Traffic & Motor Vehicle Safety Act of 1966. The agency says that 4 out of 13 Armstrong PT-107 tires, size 7.75x14, failed to meet the strength requirements of Federal Motor Vehicle Standard 109. The company made 2,558 of these tires at its Natchez plant in July & Aug. 1969.

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